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25X1A

SUMMARY

FAR EAST

1. Comment on political situation in Japan (page 3).
2. Nehru may intercede with Peiping on behalf of American airmen (page 4).

SOUTHEAST ASIA

3. French official says economic agreement between Sainteny and Viet Minh imminent (page 4).
4. Decision imminent on French military withdrawal from Indochina (page 5).

NEAR EAST - AFRICA



25X1

EASTERN EUROPE

7. Comment on the reorganization of the Polish security apparatus (page 7).

WESTERN EUROPE

8. Possibility seen of new French demarches in Moscow (page 8).

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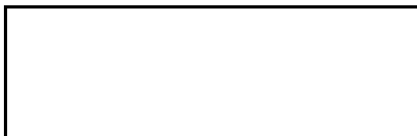


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FAR EAST

1. Comment on political situation in Japan:

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Japan's new government, headed by Ichiro Hatoyama, will be forced to take cognizance of increased popular pressure for "normalizing" relations with

the Orbit, particularly Communist China. It will, however, continue a policy of co-operation with the United States, although such co-operation will be on a tougher, more nationalistic basis.

Hatoyama's overriding desire to become Japan's prime minister led him to accept Socialist demands for an early general election in return for Socialist support. The prospect of elections is unpalatable to Japanese financial interests and many conservatives. These interests may be expected to exert strong pressure to prevent Hatoyama's promise to the Socialists from being carried out. They had urged Yoshida to resign rather than dissolve the Diet to avoid such elections and to encourage conservative unity.

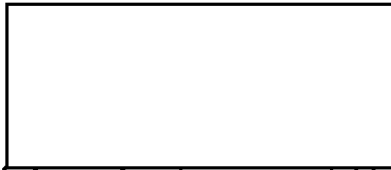
Shinsuke Kishi, who is the real force behind the new prime minister, had proposed a deal in which Hatoyama, in a few months, would be expended in the interests of merging the Liberals and the Japan Democrats into a single conservative party.

If elections are held next March the conservative forces will lose ground, but they are certain to hold their majority position because of their consistent mass support. The Right and Left Socialists are expected to increase their Diet strength to one third of the 467 lower house seats--enough to block any constitutional revision.

Hatoyama's premiership represents a transitional phase. It will not eliminate bitter, deep-seated personal rivalries for control of Japan's conservative movement. There thus is little prospect for effective government in the immediate future.

2. Nehru may intercede with Peiping on behalf of American airmen:

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Indian prime minister Nehru has asked the Canadian government for a brief on the legal aspects of Chinese Communist detention of American military personnel

in order to support his intercession with Mao Tse-tung, according to the American embassy in Ottawa.

The embassy has also learned that the Canadians are trying to persuade Burmese premier U Nu, now in Peiping, to intercede on behalf of the American airmen.

Comment: It is not clear whether Nehru has decided to intercede or intends to make his decision on the basis of the Canadian brief. U Nu, now being feted by Peiping, is unlikely to commit himself on the airmen's behalf.

Peiping's attitude toward the airmen might eventually be modified by representations from the Asian "neutrals" and other governments which the Orbit is seeking to divide from the United States. Chinese Communist propaganda on the case to date, however, suggests that the prospect for an early release of the airmen is poor.

Krishna Menon, the chief Indian delegate to the United Nations who is en route to New Delhi, has expressed his belief that Peiping might be willing to free the American airmen in exchange for the release of Chinese students detained in the United States.

SOUTHEAST ASIA

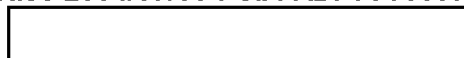
3. French official says economic agreement between Sainteny and Viet Minh imminent:

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Negotiations between the Viet Minh and Jean Sainteny, French representative in Tonkin, have taken a favorable turn, and an agreement on terms on which French

firms will remain in Tonkin will be signed in a few days, according to a top official of the Ministry for the Associated States. The Viet Minh appears to be ready to accept the terms formulated by most of the important French firms in the north.



Comment: Viet Minh propaganda has consistently tied the promise of concessions to French economic interests in the north to demands for French political concessions in the south, e.g., the demand that the French "shake off American influence" and abandon Premier Diem.

The general experience of French businessmen with the Viet Minh since the cease-fire casts doubt on the likelihood of a satisfactory arrangement from the French point of view. Sainteny, on the other hand, has been inclined to stress Viet Minh reasonableness in order to justify the existence of his mission.

A French technician of the Hanoi electric company, already appropriated by the Viet Minh, has described the Viet Minh attitude as one of toleration during the time necessary to break in native technicians.

4. Decision imminent on French military withdrawal from Indochina:

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[REDACTED] The personal spokesman for French minister for the Associated States La Chambre told American officials in Paris on 7 December that the government would decide within the next several days to accelerate the phasing-out of the French expeditionary corps from Indochina. He said that this was a direct result of the American decision to provide only a third of the amount asked by France for the maintenance of the corps through 1955, and that the French decision was not related to the political situation in South Vietnam. Civilian evacuation, he said, would be an "integral and inescapable" part of such a plan.

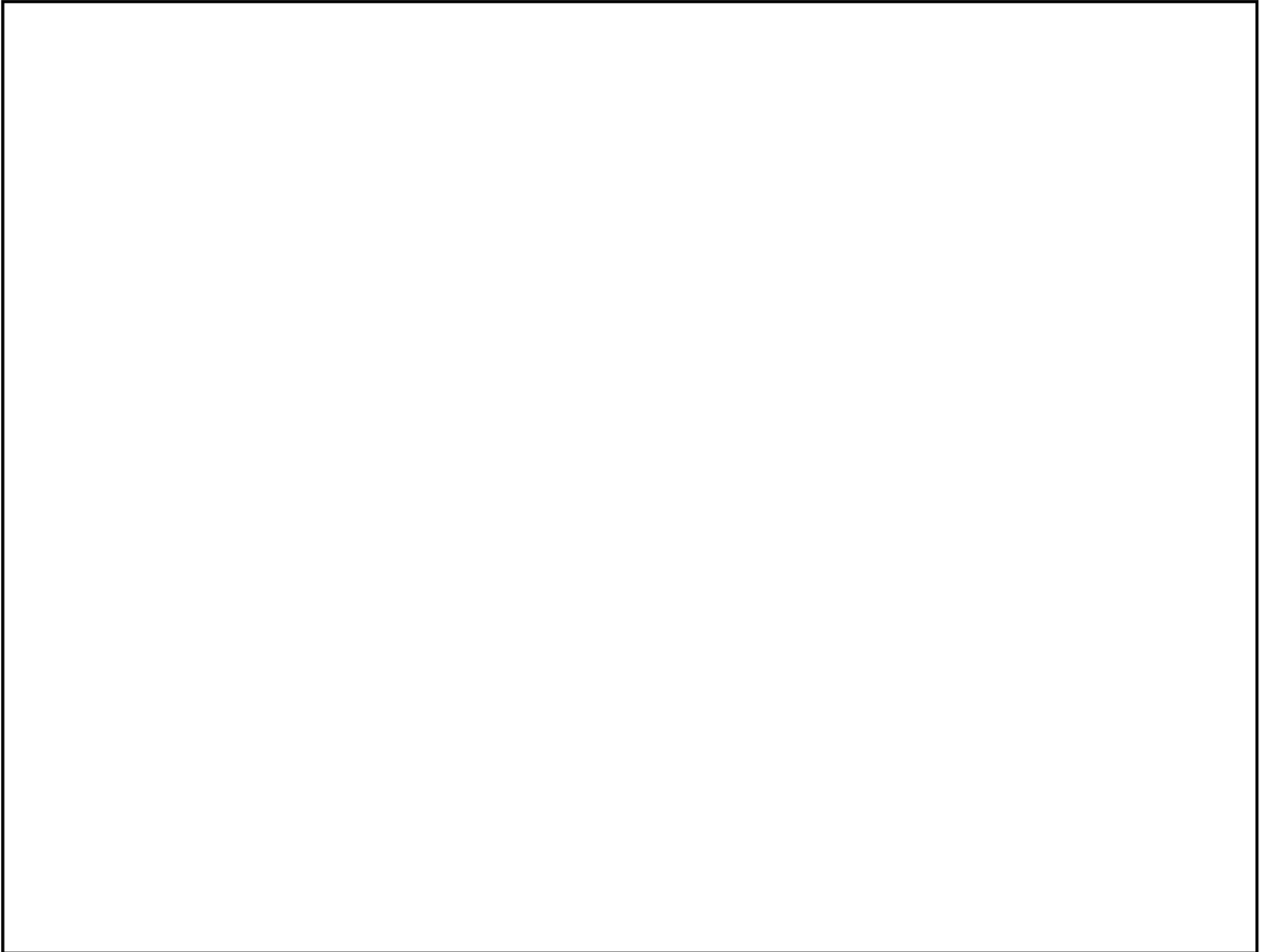
French Foreign Ministry officials have confirmed La Chambre's earlier statement that evacuation would involve up to 400,000 civilians. They believe that if the Diem government has not improved by mid-January, a major cabinet reshuffling or replacement of Diem should be considered before evacuation.

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Comment: A French intention to drop the anti-Communist effort in Vietnam seems evident in the plans to speed up evacuation of the expeditionary corps and in La Chambre's efforts to have the United States withdraw its support from the Diem government. Ambassador Dillon had earlier expressed fear that a definite trend toward collaboration with the Viet Minh was developing in France.

The ostensible success of the Sainteny mission in Hanoi, and the continuing internal pressure in France for an accommodation with the East, are probably encouraging officials to try for "coexistence" in Indochina, particularly since they feel that France is losing its pre-eminence in the area to the United States.



10 Dec 54

CURRENT INTELLIGENCE BULLETIN

Page 6

25X1A

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25X1A

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EASTERN EUROPE

7. Comment on the reorganization of the Polish security apparatus:

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Dissolution of the Polish Ministry of Public Security and formation of a new Ministry of Internal Affairs and a Com-

mittee for Public Security make Poland the first Satellite to establish a security apparatus closely paralleling that formed in the Soviet Union early this year. Similar reorganizations may occur in other European Satellites.

The creation of a Committee of Public Security reporting directly to the Council of Ministers will give the top party and government leadership more efficient and better control over certain key security functions, such as the

10 Dec 54

CURRENT INTELLIGENCE BULLETIN

Page 7

25X1A

Approved For Release 2004/07/08 : CIA-RDP79T00975A001800360001-2

25X1A

special investigations department. As in the USSR, the division of the state security apparatus between two organizations will neutralize the power center created by the combination of all these functions. Unlike its Soviet counterpart, however, the Polish committee is headed by a high-level party figure, Wladyslaw Dworakowski, who is a member both of the secretariat and of the politburo of the Polish United Workers Party.

Former minister of public security Radkiewicz has been made minister of state farms. This transfer and the reorganization are probably intended as an apparent disavowal of the harsh practices associated with the Ministry of Public Security.

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WESTERN EUROPE

8. Possibility seen of new French demarches in Moscow:

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Ambassador Dillon in Paris believes that new French "initiatives" may follow the 8 December demarche in Moscow unless the Soviet reaction is "completely negative."

The ambassador states that Mendes-France's tactics for assuring ratification of the Paris agreements are encouraging further public pressure for talks with the Russians and for some link between such talks and implementation of the accords.

Comment: Mendes-France told Ambassador Dillon that Gromyko agreed on 8 December to consider the latest French suggestions on Austria, but that he indicated the Soviet position is unchanged. Widespread dissemination of the idea that the 8 December demarche was "window dressing" designed to persuade the assembly that serious talks are being conducted with the USSR may oblige the premier to make further overtures to Moscow. In any case, the effect of the demarche will probably be dissipated before the assembly debate, scheduled for 20 December, on the Paris accords.

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Mendes-France is also under pressure from his closest personal adviser, Georges Boris, to seek further negotiations with the USSR. Boris particularly wants the government to explore the possibility of negotiations for an arms limitation and control system evolving from Western defense arrangements and the new "Eastern NATO" heralded in the recent Moscow conference.

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